
PROPOSITION 23: SUSPENSION OF CALIFORNIA GLOBAL WARMING SOLUTIONS ACT OF 2006 UNTIL CALIFORNIA UNEMPLOYMENT RATE IS 5.5% OR LESS FOR ONE YEAR



FRIDAY, OCTOBER 1, 2010
11:00 AM – 1:00 PM
STATE CAPITOL, ROOM 112
SACRAMENTO, CALIFORNIA



S. JOSEPH SIMITIAN, CHAIR
SENATE COMMITTEE ON
ENVIROMENTAL QUALITY

WESLEY CHESBRO, CHAIR
ASSEMBLY COMMITTEE ON
NATURAL RESOURCES

PROPOSITION 23

**SUSPENSION OF CALIFORNIA GLOBAL WARMING SOLUTIONS
ACT OF 2006 UNTIL CALIFORNIA UNEMPLOYMENT RATE
IS 5.5% OR LESS FOR ONE YEAR**

**A JOINT INFORMATIONAL HEARING OF THE
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
ASSEMBLY COMMITTEE ON NATURAL RESOURCES**

**OCTOBER 1, 2010
ROOM 112, STATE CAPITOL
SACRAMENTO, CALIFORNIA**

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SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

PROPOSITION 23

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ACT OF 2006 UNTIL CALIFORNIA UNEMPLOYMENT RATE
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**OCTOBER 1, 2010 ---11 A.M. TO 1 P.M.
STATE CAPITOL, ROOM 112**

I. Opening Comments 11:00 – 11:15

Senator S. Joseph Simitian, Chair
Senate Environmental Quality Committee

Assemblymember Wesley Chesbro, Chair
Assembly Natural Resources Committee

II. Overview of California Global Warming Solutions Act 11:15 – 11:30

Mary Nichols, Chairman
California Air Resources Board

III. Overview of Proposition 23 11:30– 11:45

Mark Newton, Director, Resources and Environmental Protection
Legislative Analyst's Office

David Vasche, Special Economic Advisor
Legislative Analyst's Office

IV. Proposition 23 – Support Perspective 11:45 – 12:00

David Wolfe, Legislative Director
Howard Jarvis Taxpayers Association

John Kabateck, Executive Director
National Federation of Independent Business - California

V. Proposition 23 – Opposition Perspective

12:00 – 12:15

Carl Guardino, President and CEO
Silicon Valley Leadership Group

Richard Frank, Executive Director
U.C. Berkeley School of Law Center for Law, Energy and the Environment

VI. Public Comment

12:15 – 1:00

TEXT OF PROPOSED INITIATIVE

Proposition 23 contains the following statement of findings and statement of purpose:

California Jobs Initiative

SECTION 1. STATEMENT OF FINDINGS

(a) In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.

(b) At the time the bill was signed, the unemployment rate in California was 4.8 percent. California's unemployment rate has since skyrocketed to more than 12 percent.

(c) Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.

(d) California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and

(e) California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

SEC. 2. STATEMENT OF PURPOSE

The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption.

Proposition 23 also adds Division 25.6 to the Health and Safety Code:

SEC. 3. Division 25.6 (commencing with Section 38600) is added to the Health and Safety Code, to read:

38600. (a) From and after the effective date of this division, Division 25.5 (commencing with Section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5 percent or less for four consecutive calendar quarters. (b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5 (commencing with Section 38500) and any regulation adopted prior to the effective date of this division shall be void and unenforceable until such time as the suspension is lifted.

STAFF BRIEFING PAPER

INTRODUCTION

Proposition 23, an initiative, suspends the California Global Warming Solutions Act of 2006 (CGWSA) and closely resembles AB 118 (Logue) which failed in the Assembly earlier this year (see page 13). Proposition 23 is an initiative amendment which will appear on the ballot for the upcoming November 2, 2010, general election. In summary, Proposition 23 suspends the CGWSA until California's unemployment rate is 5.5% or less for four consecutive calendar quarters (referred to in this briefing paper as one year).

Pursuant to Elections Code Section 9034, the Legislature is required to hold public hearings on the subject of the measure at least 30 days prior to the election. It should be noted that nothing in Section 9034 may "be construed as authority for the Legislature to alter the initiative measure or prevent it from appearing on the ballot."

As background for the public hearing, this briefing paper provides information on:

- Background information on climate change
- Environmental and health effects of climate change
- Unemployment issues
- Green technology and Employment
- Current law governing the CGWSA
- Recent legislative attempts to repeal or suspend the CGWSA
- A discussion and analysis of the proposition, outstanding issues, and its potential impact on the state

BACKGROUND

What is climate change? Climate change refers to long-term changes in temperature, precipitation, wind patterns and other components of earth's climate system. The Intergovernmental Panel on Climate Change (IPCC) defines climate change as "any change in climate over time, whether due to natural variability or as a result of human activity." For some time, scientific research increasingly attributes these climate changes to the effects of greenhouse gases (GHGs), especially those generated from use of fossil fuels. Scientists indicate that the earth is warming faster than at any time in the previous 1,000 years, and the 10 warmest years of the last century occurred in the last 15 years. A rise in temperature accompanied by climate change affects how organisms live, adapt, and survive.

Environmental and economic impacts of climate change. Last year the 2009 California Climate Adaptation Strategy was published by the Climate Action Team in response to Executive Order S-13-08. The report summarizes the best known science on climate change impacts in seven specific sectors (public health, ocean and coastal resources, water supply and flood protection, agriculture, forestry, biodiversity and habitat, and transportation and energy infrastructure) and provides recommendations on how to manage against those threats. The report states:

Climate change is already affecting California. Sea levels have risen by as much as seven inches along the California coast over the last century, increasing erosion and pressure on the state's infrastructure, water supplies, and natural resources. The state has also seen increased average temperatures, more extreme hot days, fewer cold nights, a lengthening of the growing season, shifts in the water cycle with less winter precipitation falling as snow, and both snowmelt and rainwater running off sooner in the year.

These climate driven changes affect resources critical to the health and prosperity of California. For example, forest wildland fires are becoming more frequent and intense due to dry seasons that start earlier and end later. The state's water supply, already stressed under current demands and expected population growth, will shrink under even the most conservative climate change scenario. Almost half a million Californians, many without the means to adjust to expected impacts, will be at risk from sea level rise along bay and coastal areas. California's infrastructure is already stressed and will face additional burdens from climate risks. And as the Central Valley becomes more urbanized, more people will be at risk from intense heat waves.

The Climate Adaptation Strategy report also points out the potential costs of not addressing climate change impacts. The report, which cites a 2008 study by UC Berkeley and the Next10 non-profit organization, estimates that "if no such action is taken in California, damages across sectors would result in tens of billions of dollars per year in direct costs" and "expose *trillions* of dollars of assets to collateral risk." More specifically, the report suggests that of the state's \$4 trillion in real estate assets "\$2.5

trillion is at risk from extreme weather events, sea level rise, and wildfires with a projected annual price tag of up to \$3.9 billion over this century depending on climate scenarios.”

Climate change and human health. Overall, climate change will have a wide and varied affect on public health. A recent Center for Disease Control (CDC) report, “A Human Health Perspective On Climate Change” examined how climate change, in general, will affect individuals, sensitive sub-populations, and the world population at large. They determined eleven broad health categories will be worsened by climate change: asthma, respiratory allergies, and airway diseases; cancer; cardiovascular disease and stroke; foodborne diseases and nutrition; heat-related morbidity and mortality; human developmental effects; mental health and stress-related disorders; neurological diseases and disorders; vectorborne and zoonotic diseases; waterborne diseases; and weather-related morbidity and mortality. The CDC notes that, for most of these climate change-associated health categories, more research needs to be done, although in most categories, early warning signs of health impacts are already evident.

Beyond the national and international dialogue, California has unique and specific concerns with the health costs of climate change, GHG emissions, and air pollution. The CGWSA includes and specifically addresses the GHGs carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. These atmospheric gases absorb thermal radiation within the earth's atmosphere. In addition to their individual effects, these GHGs can also interact with one another. For example, the chemical reaction between sunlight, nitrous oxide and volatile organic compounds, such as methane, form the air pollution smog. Furthermore, the combustion of fossil fuels results in toxic co-pollutants such as particulate matter and other air pollutants, that have well-documented negative health impacts.

Often, health costs impacts directly relate to environmental justice issues as well. For example, a March 2010 study by the Rand Corporation, “The Impact of Air Quality on Hospital Spending”, conservatively estimated that hospital costs alone caused by air pollution from 2005-2007 were \$193 million. The majority of health events in the study were concentrated in southern California, in the San Joaquin Valley and South Coast Air Basins. Not only were the health impacts disproportionately distributed on low-income communities, but the public taxpayer, by means of public insurers Medicare and Medi-Cal, paid for approximately two-thirds of the hospital visits and ER admissions.

In addition, in a 2010 University of Southern California report, “Minding the Climate Gap”, researchers found significant environmental justice inequities resulting from GHG emitters that are concentrated in more economically disadvantaged communities. They quantified these problems with a Pollution Disparity Index and showed that “people of color experience over 70% more particulate matter emissions within two and a half miles from the facilities listed as major GHG emitters as non-Hispanic whites.” In an interesting parallel, the study found that Tesoro, a major financial contributor to Proposition 23, “ranks worst in health impacts among all companies with refining operations in the state.”

Unemployment issues. According to the Assembly Natural Resources Committee analysis of AB 118 (Logue), "The author has not offered, and the committee has been unable to find, any evidence that implementation of AB 32 has contributed to the rise in unemployment since the bill was enacted three years ago. It seems premature to draw conclusions about AB 32's effect on employment or the economy in general because very few regulations have been implemented at this time. However, most existing studies suggest positive effects, such as relatively high employment growth in 'green jobs' and significant private investment in clean technology businesses within California, despite generally negative trends for the economy as a whole. The most notable exception is a study of the costs of AB 32 on small businesses prepared by Sanjay Varshney for the California Small Business Roundtable. The Varshney study estimates that the annual costs resulting from the implementation of AB 32 to small businesses are likely to result in loss of more than \$182.6 billion in gross state output, the equivalent of more than 1.1 million jobs, nearly \$76.8 billion in labor income, and nearly \$5.8 billion in indirect business taxes. It is worth noting that the Varshney study considers only potential compliance costs and does not consider any savings or benefits derived from clean technology investments and innovation. The study also appears to overestimate the exposure of the average business to the costs it attributes to AB 32. So it seems the study overstates costs and understates benefits in formulating its dramatic cost estimates."

According to labor statistics published by California Employment Development Department (EDD), the state's unemployment rate is currently 12.4% and has been above 5.5% since July 2007. The EDD has recorded the state's unemployment rate since 1976, during which time there have been three periods when unemployment has remained below 5.5% for four or more consecutive quarters: January 1988 through December 1989, October 1999 through June 2001, and October 2005 through June 2007.

It is also noteworthy that, as recently reported by the Associate Press, "Some regions [of the U.S.] are recovering faster than others. Many western states, hit hard by the housing crisis, are shedding jobs and seeing their unemployment rates rise. All but two Northeastern states, meanwhile, saw net private sector job gains in August." Recent U.S. Labor Department figures show that Nevada, for example, has the highest unemployment rate of any state or Washington, D.C., at 14.3%.

Green Technology and Employment. California's green economy has experienced growth within the past decade despite exceptional economic conditions in California. According to the EDD, a green job is defined by an occupation that is directly associated with either renewable energy or energy efficiency. California's Green economy grew from 117,000 jobs to 159,000 jobs between 1995 and 2008 at an annual rate of 2.4% growth. Between 2007 and 2008 alone, while the number of overall California jobs declined by 1%, the number of green jobs increased by 5%. This growth was distributed over a broad range of geographical areas in the state, incorporating areas of varying economic development. The qualifications associated with these jobs

require credentials varying from on-the-job training to Ph.D. level qualifications. In the 2009-10 Budget, the California Legislature included \$5 million in Workforce Investment Act funds for green workforce training. The Labor and Workforce Agency is working with the Legislature to develop how best to program these dollars. Additionally, \$10 million was allocated to develop a new Green Jobs Corps that will train 1,000 at risk youth over the next 20 months.

Green tech venture capital investment nearly doubled in one year in the U.S., hitting an all-time high of \$3.5 billion in 2008 with California leading the way by capturing 57% of this total. The National Venture Capital Association estimates that each \$100 million in venture capital funding helps create 2,700 jobs, \$500 million in annual revenues for two decades, as well as many indirect jobs. Three out of the top five venture capital cleantech funding rounds in the world in 2009 went to California companies. \$300 million of this capital went to the San Jose-based thin-film solar company Nanosolar, \$200 million went to the San Jose-based thin-film solar panel maker Solopower, and \$140 million went to the Santa Monica-based solar thermal company Solar Reserve. Despite mortgage and real estate conditions, the U.S. residential solar market increased over 100% in 2009 with the most (220 MW) installed within California.

CALIFORNIA CLIMATE CHANGE LAW 1988-2006

Legislation and an executive order have addressed climate change since 1988.

AB 4420 (Sher) Chapter 1506, Statutes of 1988, required the State Energy Resources Conservation and Development Commission (CEC), in consultation with certain entities, to conduct a study and report to the Legislature and the Governor by June 1, 1990, on how climate change may affect the state's energy supply and demand, economy, environment, agriculture, and water supplies. The study also required recommendations for avoiding, reducing, and addressing related impacts – and required the CEC to coordinate the study and any research with federal, state, academic, and industry research projects.

AB 4420 led to two reports: “The Impacts of Global Warming on California” (1989) and “Climate Change Potential Impacts and Policy Recommendations” (1991). According to the state's Climate Action Team, “The political discussion generated from these reports helped pave the way for implementation of policies to address climate change.”

SB 1771 (Sher) Chapter 1018, Statutes of 2000, required the Secretary of the Resources Agency to establish the California Climate Change Registry. SB 1771 also required the CEC, in consultation with certain entities, to update the GHG emissions inventory and to develop data and information on climate change – and to provide certain entities and interest groups with information on the costs, technical feasibility, and demonstrated effectiveness of methods for reducing or mitigating production of GHGs from in-state sources. SB 1771 required the inventory to be updated every five years. SB 527 (Sher) Chapter 769, Statutes of 2001, revised certain California Climate Change Registry responsibilities.

Executive Order (EO) S-3-05, issued by Governor Schwarzenegger June 1, 2005, establishes emission reduction targets for the state, requires the Secretary for Environmental Protection to coordinate oversight efforts with certain other entities to meet the targets, and sets various reporting requirements.

AB 32 (Nunez, Pavley) Chapter 488, Statutes of 2006, enacted the CGWSA. The CGWSA, requires the Air Resources Board (ARB) to determine the 1990 statewide greenhouse gas (GHG) emissions level and approve a statewide GHG emissions limit that is equivalent to that level, to be achieved by 2020. ARB must adopt regulations for reporting and verification of GHG emissions, monitoring and compliance with the program, and achieving GHG emission reductions from sources or categories of sources by January 1, 2011, to be operative on January 1, 2012, subject to certain requirements. (Health and Safety Code §38500 et seq.).

ARB must prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in GHG emissions from sources or categories of sources of GHGs by 2020. ARB must also evaluate the total potential costs and total potential economic and noneconomic benefits of the plan for reducing

GHGs to the state's economy, and public health, using the best economic models, emission estimation techniques, and other scientific methods. The plan must be updated at least once every five years. (§38561).

ARB may adopt GHG emission limits or emission reduction measures prior to January 1, 2011, impose those limits or measures prior to January 1, 2012, or provide early reduction credit where appropriate. (§38563).

The Governor may adjust applicable deadlines for regulations to the earliest feasible date after that deadline in the event of extraordinary circumstances, catastrophic events, or threat of significant economic harm. The adjustment period cannot exceed one year unless the Governor makes an additional adjustment. Within 10 days of invoking the adjustment period, the Governor must provide written notification to the Legislature. (§38599).

In implementing the CGWSA, ARB adopted the first list of early action measures June 21, 2007, and adopted an augmented list of early action measures October 25, 2007. Mandatory reporting regulations for GHGs were adopted and the 2020 GHG emissions target were set December 6, 2007. The Scoping Plan was adopted December 12, 2008, and ARB rulemaking continued in 2009 and 2010. The first early action measures were enforceable by January 1, 2010, and major GHG reduction rulemaking will conclude January 1, 2011, with rules taking effect January 1, 2012.

The Scoping Plan includes 69 measures for reducing GHGs. Some measures have been adopted as regulations by the ARB; some other measures will be adopted as regulations on or before January 1, 2011; certain measures are covered by current law or regulations adopted by ARB or other state agencies; and some measures are advisory to sources or categories of sources of GHGs.

RECENT LEGISLATIVE ATTEMPTS TO REPEAL OR SUSPEND CGWSA

SB 295 (Dutton) of 2009: a) requires ARB to complete a study to reevaluate the evaluation of certain CGWSA costs, and provide this study to the Legislature by October 1, 2009; b) requires a report to the Legislature by November 1, 2009, on whether the revised analysis has led, or will lead, to any changes to the scoping plan, and whether any changes should be made to CGWSA timelines; and c) requires the Legislative Analyst to review ARB implementation of these requirements. SB 295 failed in the Senate Environmental Quality Committee May 20, 2009 (3-4). A previous version of SB 295 also: a) prohibited ARB or its staff from beginning to develop CGWSA regulations until June 1, 2009, and until the state board reevaluates the evaluation of costs; and b) prohibited ARB from implementing those regulations until the unemployment rate in the state is below 5.8% for 3 consecutive months.

SB 1263 (Wyland) of 2010 makes the provisions of the CGWSA and any regulation adopted pursuant to the CGWSA, suspended and inoperative. The author cancelled an April 19, 2010, hearing on this bill by the Senate Environmental Quality Committee.

AB 118 (Logue) of 2009-10: a) suspends the CGWSA until the state unemployment rate is 5.5% or lower for four consecutive calendar quarters; b) requires resuspension of the CGWSA whenever the state unemployment rate rises above 5.5% for four consecutive calendar quarters; c) prohibits ARB, and other state agencies authorized to implement the CGWSA, from proposing, promulgating, or adopting any regulation pursuant to the CGWSA during a period of suspension and requires any such regulation adopted prior to January 1, 2011, to be inoperative until the suspension is lifted; d) requests local agencies to refrain from adopting rules, regulations, and policies that derive authority or responsibility from the CGWSA and to revise or repeal those rules, regulations, or policies adopted prior to January 1, 2011, until the suspension is lifted; and e) contains relating legislative intent. AB 118 failed in the Assembly Natural Resources Committee January 1, 2011 (3-6). The previous version of AB 118 repealed the CGWSA.

INITIATIVE ISSUES

1. Unemployment rate ambiguity. According to the Proposition 23 statement of purpose:

"The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption."

Proposition 23 also suspends the CGWSA:

"until such time as the unemployment rate in California is 5.5 percent or less for four consecutive calendar quarters."

Proposition 23 does not further describe the details of these requirements. For example, there are several sources of unemployment data. The most likely source of unemployment data that California will use in the event that Proposition 23 passes will be from the EDD. However, this is not specified within the Proposition 23 text. The unemployment figure provided in the voter pamphlet contains data from the United States Bureau of Labor Statistics. This provided data is also seasonally adjusted. The EDD provides California unemployment rate data with and without the seasonal adjustment, however this adjustment is also not specified in Proposition 23.

For example, in 2006, when CGWSA was implemented, EDD data not seasonally adjusted indicated that the overall annual unemployment rate was 4.9%. However, CGWSA was approved by the Governor in September when the non-seasonally adjusted unemployment rate was 4.6%. The highest unemployment rate not adjusted for seasonality in 2006 was 5.4% in February, while the lowest unemployment rate in 2006 was 4.4% in October. Adjusting this same data for seasonality yields slightly different numbers. With a seasonal adjustment, there is no provided annual unemployment rate for 2006, and the unemployment rate for that year varies from 4.8% to 5.0% on a month-by-month basis. The adjusted unemployment rate for February in 2006 was 5.0%, compared to the 5.4% rate when not adjusted, and in October, the adjusted unemployment rate in 2006 was 4.8%, compared to the non-adjusted value of 4.4%.

Although these differences may seem trivial, Proposition 23 describes two conflicting scenarios according to its current drafting. The proposition claims that CGWSA will be suspended until unemployment rate is "at or below 5.5%" and the statement of purpose also states that the CGWSA will be suspended until the "state's unemployment rate returns to the levels that existed at the time of its adoption" however it does not clearly describe what those "levels" are or what data source shall be used.

Issue: What source of unemployment data will be used? At which level will the CGWSA no longer be suspended, and how will that data will be interpreted?

2. Re-initiating the CGWSA. Proposition 23 does not specify who will be re-instating the CGWSA following a suspension period. Just as the measure fails to indicate who determines the unemployment rate that defines the suspension, the measure also does not indicate who will decide when and how the suspension is lifted. With no entity to administer the measure, and execution of its terms left to interpretation, any enforcement may be pursued in the courts.

Issue: Do Proposition 23 proponents assume reinstatement of the CGWSA will be automatic?

3. What happens in the case of another increase in unemployment rate? It is clear that the rate of unemployment in California fluctuates dramatically over time. In addition to the three time periods of 5.5% or less unemployment, the unemployment rate has fluctuated by a differential of as much as 7.5% over the past five years. It is unclear whether Proposition 23 will suspend the CGWSA one time, after the state unemployment rate is at 5.5% or less for at least 4 consecutive calendar quarters, or if the CGWSA will be suspended each time the unemployment rate becomes greater than 5.5%. For example, if the unemployment rate drops to 5.2% January 1, 2011, and remains at that level until January 1, 2012, however in April of 2012, the unemployment rate increases to 10% for several quarters – would the CGWSA be suspended again, or would Proposition 23 terms no longer be in effect at that point? Based on the Proposition 23 statement of purpose, the intent implies that the suspension is valid for one period:

"The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption."

Also, as noted above, AB 118 (Logue) requires resuspension of the CGWSA whenever the state unemployment rate rises above 5.5% for four consecutive calendar quarters – a provision that is not contained in Proposition 23.

Issue: Can the CGWSA be suspended more than once?

4. ARB activities during suspension period. ARB is charged with implementing the CGWSA. In planning for implementation of the CGWSA in 2012, ARB drafted a scoping plan in order to accomplish those requirements, utilizing a wide variety of tools and strategies. The CGWSA planning process requires resources, research, and staff. According to the Proposition 23 CGWSA amendment:

"While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5 (commencing with section 38500) and any regulation adopted prior to the effective date of this measure shall be void and unenforceable until such time as the suspension is lifted."

Proposition 23 bans the proposal, promulgation, or adoption of any regulation implementing the CGWSA until the suspension is lifted, and the CGWSA is suspended until the unemployment rate is 5.5% or less for one year. However, the proposition does not specifically ban other activities in anticipation of reinstating the CGWSA in order to expedite its implementation.

Issue: What other CGWSA activities are suspended during the Proposition 23 suspension period?

5. Less time to reach 2020 target if suspension is “lifted” prior to that date. Proposition 23 suspends the CGWSA, but does not extend the 2020 GHG target reduction for the suspension period. Proposition 23 therefore reduces the time for local and state agencies, and private regulated entities, to reach the CGWSA target.

Issue: How will public agencies and regulated entities be able to plan for reaching the 2020 GHG emission target reduction in a timely manner in anticipation of a suspension being lifted?

Written by: Amber Hartman
Lawrence Lingbloom
Randy Pector
Jessica Westbrook

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY

PREPARED BY THE ATTORNEY GENERAL

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

- Suspends State law that requires greenhouse gas emissions be reduced to 1990 levels by 2020, until California's unemployment drops to 5.5 percent or less for four consecutive quarters.
- Suspends comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emissions reporting and fee requirements for major emissions sources such as power plants and oil refineries.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The suspension of AB 32 could result in a modest net increase in overall economic activity in the state. In this event, there would be an unknown but potentially significant net increase in state and local government revenues.
- Potential loss of a new source of state revenues from the auctioning of emission allowances by state government to certain businesses that would pay for these allowances, by suspending the future implementation of cap-and-trade regulations.
- Lower energy costs for state and local governments than otherwise.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Global Warming and Greenhouse Gases.

Greenhouse gases (GHGs) are gases that trap heat from the sun within the earth's atmosphere, thereby warming the earth's temperature. Both natural phenomena (mainly the evaporation of water) and human activities (principally burning fossil fuels) produce GHGs. Scientific experts have voiced concerns that higher concentrations of GHGs resulting from human activities are increasing global temperatures, and that such global temperature rises could eventually cause significant problems. Such global temperature increases are commonly referred to as global warming, or climate change.

As a populous state with a large industrial economy, California is the second largest emitter of GHGs in the United States and one of the largest emitters of GHGs in the world. Climate change is a global issue necessitating an international approach. Actions in California regarding GHGs have been advocated on the basis

that they will contribute to a solution and may act as a catalyst to the undertaking of GHG mitigation policies elsewhere in our nation and in other countries.

Assembly Bill 32 Enacted to Limit GHGs. In 2006, the state enacted the California Global Warming Solutions Act of 2006, commonly referred to as Assembly Bill 32 or "AB 32." This legislation established the target of reducing the state's emissions of GHGs by 2020 to the level that emissions were at in 1990. It is estimated that achieving this target would result in about a 30 percent reduction in GHGs in 2020 from where their level would otherwise be in the absence of AB 32.

Assembly Bill 32 requires the state Air Resources Board (ARB) to adopt rules and regulations to achieve this reduction. The law also directs ARB, in developing these rules and regulations, to take advantage of opportunities to improve air quality, thereby creating public health benefits from the state's GHG emission reduction activities.

Other Laws Would Reduce GHG Emissions.

In addition to AB 32, a number of other state laws have been enacted by the Legislature that would reduce GHG emissions. In some cases, the main purpose of these other laws is specifically to reduce GHG emissions. For example, a 2002 law requires the ARB to adopt regulations to reduce GHG emissions from cars and smaller trucks. Other laws have authorized various energy efficiency programs that could have the effect of reducing GHG emissions, although this may not have been their principal purpose.

“Scoping Plan” to Reach GHG Emission

Reduction Target. As required by AB 32, the ARB in December 2008 released its plan on how AB 32’s GHG emission reduction target for 2020 would be met. The plan—referred to as the AB 32 Scoping Plan—encompasses a number of different types of measures to reduce GHG emissions. Some are measures authorized by AB 32, while others are authorized by separately enacted laws. Some of these measures have as their primary objective something other than reducing GHGs, such as reducing the state’s dependency on fossil fuels.

The plan includes a mix of traditional regulatory measures and market-based measures. Traditional regulations, such as energy efficiency standards for buildings, would require individuals and businesses to take specific actions to reduce emissions. Market-based measures provide those subject to them greater flexibility in *how* to achieve GHG emission reductions. The major market-based measure included in the Scoping Plan is a “cap-and-trade” program. Under such a program, the ARB would set a limit, or *cap*, on GHG emissions; issue a limited number of emission allowances to emitters related to the amount of GHGs they emit; and allow emitters covered by the program to buy, sell, or *trade* those emission allowances.

Some measures in the Scoping Plan have already been adopted in the form of regulations. Other regulations are either currently under development or will be developed in the near future. Assembly Bill 32 requires that all regulations for GHG

emission reduction measures be adopted by January 1, 2011, and in effect by January 1, 2012.

Fee Assessed to Cover State’s Administrative Costs. As allowed under AB 32, the ARB has adopted a regulation to recover the state’s costs of administering the GHG emission reduction programs. Beginning in fall 2010, entities that emit a high amount of GHGs, such as power plants and refineries, must pay annual fees that will be used to offset these administrative costs. Fee revenues will also be used to repay various state special funds that have made loans totaling \$83 million to the AB 32 program. These loans have staggered repayment dates that run through 2014.

The Economic Impact of Implementing the Scoping Plan. The implementation of the AB 32 Scoping Plan will reduce levels of GHG emissions and related air pollutants by imposing various new requirements and costs on certain businesses and individuals. The reduced emissions and the new costs will both affect the California economy. There is currently a significant ongoing debate about the impacts to the California economy from implementing the Scoping Plan. Economists, environmentalists, and policy makers have voiced differing views about how the Scoping Plan will affect the gross state product, personal income, prices, and jobs. The considerable uncertainty about the Scoping Plan’s “bottom-line” or net impact on the economy is due to a number of reasons. First, because a number of the Scoping Plan measures have yet to be fully developed, the economic impacts will depend heavily on how the measures are designed in the public regulatory process. Second, because a number of the Scoping Plan measures are phased in over time, the full economic impacts of some measures would not be felt for several years. Third, the implementation of the Scoping Plan has the potential to create both positive and negative impacts on the economy. This includes the fact that there will be both “winners” and “losers” under the implementation of the Scoping Plan for particular economic sectors, businesses, and individuals.

APPENDIX

PROP
23

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

A number of studies have considered the economic impacts of the Scoping Plan implementation in 2020—the year when AB 32’s GHG emission reduction target is to be met. Those studies that have looked at the economic impacts from a relatively broad perspective have, for the most part, found that there will be some modest reduction in California’s gross state product, a comprehensive measure of economic activity for the state. These findings reflect how such things as more expensive energy, new investment requirements, and costs of regulatory compliance combine to increase the costs of producing materials, goods, and services that consumers and businesses buy. Given all of the uncertainties involved, however, the net economic impact of the Scoping Plan remains a matter of debate.

PROPOSAL

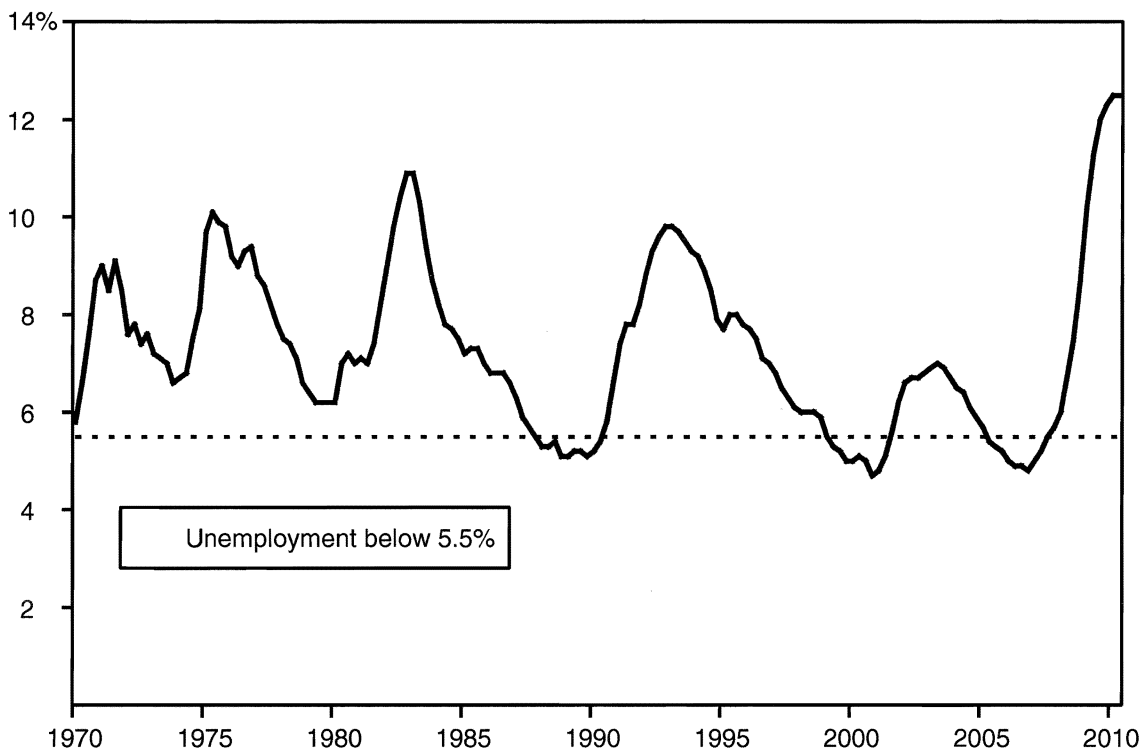
This proposition suspends the implementation of AB 32 until the unemployment rate in California is 5.5 percent or less for four consecutive quarters. During the suspension period, state agencies are prohibited from proposing or adopting new regulations, or enforcing previously adopted regulations, that would implement AB 32. (Once AB 32 went back into effect, this measure could not suspend it again.)

IMPACTS OF THIS PROPOSITION ON CLIMATE CHANGE REGULATION

AB 32 Would Be Suspended, Likely for Many Years. Under this proposition, AB 32 would be suspended immediately. It would remain suspended until the state’s unemployment rate was

Figure 1

Historical Unemployment Rate in California



Source: United States Bureau of Labor Statistics; seasonally adjusted data.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

5.5 percent or less for four consecutive quarters (a one-year period). We cannot estimate when the suspension of AB 32 might end. Figure 1 provides historical perspective on the state's unemployment rate. It shows that, since 1970, the state has had three periods (each about ten quarters long) when the unemployment rate was at or below 5.5 percent for four consecutive quarters or more. The unemployment rate in California for the first two quarters of 2010 was above 12 percent. Economic forecasts for the next five years have the state's unemployment rate remaining above 8 percent. Given these factors, it appears likely that AB 32 would remain suspended for many years.

Various Climate Change Regulatory Activities Would Be Suspended. This proposition would result in the suspension of a number of measures in the Scoping Plan for which regulations either have been adopted or are proposed for adoption. Specifically, this proposition would likely suspend:

- The proposed cap-and-trade regulation discussed above.
- The “low carbon fuel standard” regulation that requires providers of transportation fuel in California (such as refiners and importers) to change the mix of fuels to lower GHG emissions.
- The proposed ARB regulation that is intended to require privately and publicly owned utilities and others who sell electricity to obtain at least 33 percent of their supply from “renewable” sources, such as solar or wind power, by 2020. (The current requirement that 20 percent of the electricity obtained by privately owned utilities come from renewable sources by 2010 would not be suspended by this proposition.)
- The fee to recover state agency costs of administering AB 32.

Much Regulation in the Scoping Plan Would Likely Continue. Many current activities related to addressing climate change and reducing GHG emissions would probably not be suspended by this proposition. That is because certain Scoping

Plan regulations implement laws other than AB 32. The regulations that would likely move forward, for example, include:

- New vehicle emission standards for cars and smaller trucks.
- A program to encourage homeowners to install solar panels on their roofs.
- Land-use policies to promote less reliance on vehicle use.
- Building and appliance energy efficiency requirements.

We estimate that more than one-half of the emission reductions from implementing the Scoping Plan would come because of laws enacted separately from AB 32.

FISCAL EFFECTS

Potential Impacts on California Economy and State and Local Revenues

There would likely be both positive and negative impacts on the California economy if AB 32 were suspended. These economic impacts, in turn, would affect state and local government revenues. We discuss these effects below.

Potential Positive Economic Impacts. The suspension of AB 32 would likely have several positive impacts on the California economy. Suspending AB 32 would reduce the need for new investments and other actions to comply with new regulations that would be an added cost to businesses. Energy prices—which also affect the state's economy—would be lower in 2020 than otherwise. This is because the proposed cap-and-trade regulation, as well as the requirement that electric utilities obtain a greater portion of their electricity supplies from renewable energy sources, would otherwise require utilities to make investments that would increase the costs of producing or delivering electricity. Such investments would be needed to comply with these regulations, such as by obtaining electricity from higher-priced sources than would otherwise be the case. The suspension of such measures by

this proposition could therefore lower costs to businesses and avoid energy price increases that otherwise would largely be passed on to energy consumers.

Potential Negative Economic Impacts. The suspension of AB 32 could also have negative impacts on the California economy. For example, the suspension of some Scoping Plan measures could delay investments in clean technologies that might result in some cost savings to businesses and consumers. Investment in research and development and job creation in the energy efficiency and clean energy sectors that support or profit from the goals of AB 32 might also be discouraged by this proposition, resulting in less economic activity in certain sectors than would otherwise be the case. Suspending some Scoping Plan measures could halt air quality improvements that would have public health benefits, such as reduced respiratory illnesses. These public health benefits translate into economic benefits, such as increased worker productivity and reduced government and business costs for health care.

Net Economic Impact. As discussed previously, only a portion of the Scoping Plan measures would be suspended by the proposition. Those measures would have probably resulted in increased compliance costs to businesses and/or increased energy prices. On the other hand, those measures probably would have yielded public health-related economic benefits and increased profit opportunities for certain economic sectors. Considering both the potential positive and negative economic impacts of the proposition, we conclude that, on balance, economic activity in the state would likely be modestly higher if this proposition were enacted than otherwise.

Economic Changes Would Affect State and Local Revenues. Revenues from taxes on personal and business income and on sales rise and fall because of changes in the level of economic activity in the state. To the extent that the suspension of AB 32 resulted in somewhat higher economic activity in the state, this would translate into an unknown but potentially significant increase in revenues to the state and local governments.

Other Fiscal Effects

Impacts of Suspension of the Cap-and-Trade Regulation. The suspension of ARB's proposed cap-and-trade regulation could have other fiscal effects depending on how this regulation would otherwise have been designed and implemented. One proposed approach provides for the auctioning of emission allowances by the state to emitters of GHGs. This approach would increase costs to affected firms doing business in the state, as they would have to pay for allowances. Such auctions could result in as much as several billion dollars of new revenues annually to the state that could be used for a variety of purposes. For example, depending on future actions of the Legislature, the auction revenues could be used to reduce other state taxes or to increase state spending for purposes that may or may not be related to efforts to prevent global warming. Thus, the suspension of AB 32 could preclude the collection by the state of potentially billions of dollars in new allowance-related payments from businesses.

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Potential Impacts on State and Local Government Energy Costs. As noted above, the suspension of certain AB 32 regulations would likely result in lower energy prices in California than would otherwise occur. Because state and local government agencies are large consumers of energy, the suspension of some AB 32-related regulations would reduce somewhat state and local government energy costs.

Impacts on State Administrative Costs and Fees. During the suspension of AB 32, state administrative costs to develop and enforce regulations pursuant to AB 32 would be reduced significantly, potentially by the low tens of millions of dollars annually. However, during a suspension, the state would not be able to collect the fee authorized under AB 32 to pay these administrative costs. As a result, there would no

longer be a dedicated funding source to repay loans that have been made from certain state special funds to support the operation of the AB 32 program. This would mean that other sources of state funds, potentially including the General Fund, might have to be used instead to repay the loans. These potential one-time state costs could amount to tens of millions of dollars. Once AB 32 went back into effect, revenues from the AB 32 administrative fee could be used to pay back the General Fund or other state funding sources that were used to repay the loans.

In addition, once any suspension of AB 32 regulations ended, the state might incur some additional costs to reevaluate and update work to implement these measures that was under way prior to the suspension.

APPENDIX

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 23 ★

THE PROBLEM: CALIFORNIA'S GLOBAL WARMING MANDATES ARE ON THE WRONG TRACK

Climate change is a serious issue that should be addressed thoughtfully and responsibly. However, now is not the time to implement AB32, California's costly global warming law, especially since the California Air Resources Board (CARB) acknowledges AB32 cannot "change the course of climate change."

California already has a \$20 billion deficit and leads the nation in lost jobs, home foreclosures and debt. Implementing AB32 will cost taxpayers and consumers billions and destroy over a million jobs. Voters must stop these self-imposed energy cost increases that will further damage our economy and families.

THE SOLUTION: PROPOSITION 23

Proposition 23 suspends AB32 until the economy improves. It preserves California's strict environmental laws but protects us from dramatically higher energy costs. Proposition 23 saves jobs, prevents a tax increase, maintains environmental protections and helps families during these tough economic times.

PROPOSITION 23 SAVES BILLIONS IN HIGHER ENERGY TAXES AND COSTS

California's poor, working and middle class families are dealing with lost jobs, fewer hours and furloughs. California households cannot afford \$3800 a year in higher AB32 costs.

"AB 32 will cause California households to face higher prices both directly for electricity, natural gas, and gasoline, and indirectly as businesses pass costs for GHG reduction on to consumers."—CARB's Economic Allocation and Advisory Committee

PROPOSITION 23 SAVES OVER ONE MILLION CALIFORNIA JOBS

Other countries and states prudently postponed implementing their global warming laws until economic conditions improve.

Without Proposition 23 higher energy prices will hit small businesses and employers, forcing more lay-offs and business closures.

Other countries that passed global warming laws experienced a loss of two blue collar jobs for every one green job created.

Proposition 23 saves over a million at-risk jobs, including high-paying blue collar and union jobs, and doesn't limit green job creation.

PROPOSITION 23 PRESERVES CALIFORNIA'S STRICT PUBLIC HEALTH, ENVIRONMENTAL PROTECTIONS

California has the toughest environmental laws in the country. Proposition 23 doesn't weaken or repeal the hundreds of laws that protect the environment, reduce air pollution, keep our water clean and protect public health.

Proposition 23 applies to greenhouse gas emissions, which CARB concedes "have no direct public health impacts."

PROPOSITION 23 PROTECTS ESSENTIAL PUBLIC SERVICES

By stopping higher energy costs, Proposition 23 helps protect funding when community budgets are dangerously stretched—keeping teachers in our classrooms and firefighters on the street.

"Public safety is our top priority. Proposition 23 is essential to help protect funding for firefighters, law enforcement and emergency medical services."

—Kevin Nida, President, California State Firefighters' Association

PROPOSITION 23 EMPOWERS VOTERS NOT BUREAUCRATS

CARB's unelected political appointees want to impose hidden taxes without voter approval. Proposition 23 lets voters, not bureaucrats, decide when we implement California's costly global warming law.

Proposition 23's common-sense, fiscally responsible approach is a win-win for California's families, economy and environment.

JOIN TAXPAYERS, FIREFIGHTERS, LOCAL OFFICIALS, ENERGY COMPANIES, FARMERS AND BUSINESSES TO SAVE JOBS AND PROTECT CALIFORNIA'S ECONOMY.

YES ON PROPOSITION 23

Yeson23.com

KEVIN NIDA, President

California State Firefighters' Association

JOHN KABATECK, Executive Director

National Federation of Independent Business/California

JON COUPAL, President

Howard Jarvis Taxpayers Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 23 ★

Two Texas oil companies paid millions of dollars to put Prop. 23 on the ballot, and are paying millions more to promote Prop. 23 with a deceptive campaign.

There's much more than climate change at stake . . . Prop. 23 threatens public health and our economy.

Prop. 23 is a Dirty Energy Proposition that would:

- Kill vitally needed clean energy and air pollution standards.
- Kill competition from California's wind, solar and alternative fuel companies.
- Jeopardize nearly 500,000 jobs in California.
- Result in higher energy costs for consumers.

RESPECTED ORGANIZATIONS AND LEADERS WARN

PROP. 23 IS DECEPTIVE, DANGEROUS, and COSTLY.

Dr. Charles D. Kolstad, Chair, Department of Economics, University of California-Santa Barbara:

"Prop. 23 will not help the California economy. In fact, Prop. 23 will cause the loss of California jobs in the clean energy field, one sector of our economy producing significant job growth."

The League of Women Voters of California:

"Claims by its promoters that 23 would only be in place for a short time are FALSE. Prop. 23 effectively repeals clean energy and air pollution standards indefinitely, and jeopardizes dozens of regulations that promote energy efficiency and pollution reduction."

American Lung Association in California:

"Prop. 23 would allow polluters to avoid laws that require them to reduce harmful greenhouse gases and air pollution. 23 is a serious threat to public health."

Look into the FACTS, and Vote NO on 23.

www.StopDirtyEnergyProp.com

LOU PAULSON, President

California Professional Firefighters

JANE WARNER, President

American Lung Association in California

DR. CHARLES D. KOLSTAD, Chairman

Department of Economics, University of California-Santa Barbara

PROP
23

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 23 ★

TEXAS OIL COMPANIES DESIGNED PROP. 23 TO KILL CALIFORNIA CLEAN ENERGY AND AIR POLLUTION STANDARDS.

Big Texas oil companies and state politicians who receive oil company money designed Prop. 23 to repeal clean energy and air pollution standards in California.

Those oil companies are spending millions on a DECEPTIVE CAMPAIGN to promote Prop. 23 because 23 would allow them and other polluters to escape accountability and increase their profits.

PROP. 23 IS A DIRTY ENERGY PROPOSITION THAT MEANS MORE AIR POLLUTION AND INCREASED HEALTH RISKS—
Vote NO.

Prop. 23's main backers, the Valero and Tesoro oil companies, are among the worst polluters in California. They're using 23 to *repeal portions of the health and safety code* that require them to reduce air pollution at their California refineries.

"Prop. 23 would result in more air pollution that would lead to more asthma and lung disease, especially in children and seniors. Vote NO."

—American Lung Association in California

PROP. 23 IS A JOB KILLER—THREATENING HUNDREDS OF THOUSANDS OF CALIFORNIA JOBS.

Across California, clean energy companies are sprouting up and building wind and solar power facilities that provide us with clean power, built right here by California workers.

By repealing clean energy laws, Prop. 23 would put many of these California companies out of business, kill a homegrown industry that is creating hundreds of thousands of California jobs, and damage our overall economy.

"California is the hub of innovation and investment in clean energy technologies and businesses. But Prop. 23 would reverse the state's clean energy laws, jeopardizing billions in economic growth and hundreds of thousands of jobs."—Sue Kateley, Executive Director, California Solar Energy Industries Association, representing more than 200 solar energy small businesses.

The independent, nonpartisan Legislative Analyst Office says 23 could *"dampen additional investment in clean energy technologies by private firms, thereby resulting in less economic activity than otherwise*

would be the case."

PROP. 23 WOULD JEOPARDIZE:

- 12,000 California-based clean energy businesses
- Nearly 500,000 existing California clean energy jobs
- More than \$10 billion in private investment in California

PROP. 23 WOULD KEEP US ADDICTED TO COSTLY OIL—
Vote NO.

By killing incentives for clean energy, 23 reduces choices for consumers already facing high gas and electricity costs.

"Prop. 23 would keep consumers stuck on costly oil and subject consumers to spiking energy prices."—Consumers Union, publisher of Consumer Reports Magazine

OUR OIL ADDICTION THREATENS NATIONAL SECURITY. PROP. 23 MAKES IT WORSE.

Prop. 23 would harm efforts to reduce our dependence on foreign oil that comes from countries that support terrorism and are hostile to the United States.

JOIN PUBLIC HEALTH ADVOCATES, CLEAN ENERGY COMPANIES AND SMALL BUSINESSES: VOTE NO ON 23.

Prop. 23 is OPPOSED by:

- American Lung Association in California
- Coalition for Clean Air
- AARP
- League of Women Voters of California
- More than 50 leading environmental organizations
- LA Business Council
- More than 200 solar and wind energy companies
- Hundreds of other businesses across California

STOP THE TEXAS OIL COMPANIES' DIRTY ENERGY

PROPOSITION.

Vote NO on 23.

www.StopDirtyEnergyProp.com

JANE WARNER, President

American Lung Association in California

LINDA ROSENSTOCK, M.D., Dean

UCLA School of Public Health

DAVID PACHECO, President

AARP California

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 23 ★

DON'T BE MISLED

Proposition 23 *only* impacts California's global warming law. Opponents never mention global warming because the *law won't reduce global warming.*

VOTERS HAVE A CHOICE

YES on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws.

NO on 23 imposes a massive energy tax on consumers, kills over a million jobs, and doesn't reduce global warming.

PROPOSITION 23 PROTECTS THE ENVIRONMENT AND PUBLIC HEALTH

Proposition 23 temporarily postpones greenhouse gas regulations, which have no direct public health impacts. It doesn't affect laws protecting air and water quality or laws combating asthma and lung disease.

PROPOSITION 23 SAVES JOBS, DOESN'T DISCOURAGE GREEN JOBS

Other states without our global warming law have stronger wind energy and renewable fuels industries than California.

2.3 million Californians are unemployed and *Prop. 23 will save over a million jobs* that would otherwise be eliminated.

YES ON 23—CALIFORNIA CAN'T AFFORD NEW ENERGY TAXES

Proposition 23 saves poor and working families from \$3800 annually

in increased prices for everyday necessities, including HIGHER:

- electricity and natural gas bills
- gasoline prices
- food prices

YES ON 23—JOIN CONSUMERS, TAXPAYERS, SMALL BUSINESS AND FAMILIES

Proposition 23's diverse coalition includes:

- California State Firefighters Association
 - California Small Business Association
 - National Tax Limitation Committee
 - Construction workers
 - Local air quality officials
- OTHER STATES AND COUNTRIES POSTPONED THEIR GLOBAL WARMING LAWS TO PROTECT THEIR ECONOMIES, CALIFORNIA SHOULD TOO.*

CALIFORNIA CAN'T AFFORD A SELF-IMPOSED GLOBAL WARMING TAX THAT WON'T REDUCE GLOBAL WARMING!

www.yeson23.com

BRAD MITZELFELT, Governing Board Member
Mojave Desert Air Quality Management District

J. ANDREW CALDWELL, Executive Director
The Coalition of Labor, Agriculture & Business

JAMES W. KELLOGG, International Representative
United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry